

Message Text

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PAGE 01 MANILA 11150 121029Z

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ACTION TRSE-00

INFO OCT-01 EA-07 EB-07 NEA-10 IO-10 ISO-00 ABF-01 L-03

H-02 AID-05 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

USIA-06 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 NSC-05 SS-15 STR-04 CEA-01 PA-01 PRS-01 USIE-00

SSO-00 NSCE-00 INRE-00 /103 W
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O P 120928Z AUG 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 6446

INFO AMEMBASSY BANGKOK

AMEMBASSY BONN PRIORITY

AMEMBASSY DACCA PRIORITY

AMEMBASSY ISLAMABAD PRIORITY

AMEMBASSY JAKARTA PRIORITY

AMEMBASSY TOKYO PRIORITY

C O N F I D E N T I A L MANILA 11150

E.O. 11652: GDS

TAGS: EFIN, ADB

SUBJECT: US/ADB CONGRESSIONAL CONSULTATIONS

STATE PASS TREASURY AND WHITE HOUSE

FOR ASSISTANT SECRETARIES ENDERS, HABIB, AND COOPER

FROM SULLIVAN

REF: A. MANILA 10239 B. STATE 187493

1. THANK YOU FOR YOUR CONSIDERED REPLY TO MY MESSAGE ON THE
PROBLEM OF REPLENISHMENT FUNDS FOR ADB AND ADG. I HAD NOT
RPT NOT APPRECIATED THE COMPLEXITY OF THE INDOCHINA ISSUE
IN YOUR CONTEMPLATED CONGRESSIONAL CONSULTATIONS AND AGREE
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PAGE 02 MANILA 11150 121029Z

WITH YOU THAT IT POSES PROBLEMS OF EXTRAORDINARY DELICACY.

2. HOWEVER, I CAN NOT RPT NOT SHARE YOUR COMPLACENCY ABOUT THE TIME FACTOR THAT IS TOLERABLE IN THE CONSULTATION PROCESS. YOU CITE FIGURES IN PARAGRAPH 5 OF YOUR MESSAGE WHICH ARE AT SHARP VARIANCE WITH THE FACTS AS WE SEE THEM HERE. RATHER THAN \$1.7 BILLION IN "AVAILABLE COMMITMENT AUTHORITY," WHICH WAS INDEED THE TOTAL ASSET SITUATION IN 1973, THE ADB CURRENTLY HAS ABOUT \$450 RPT 450 MILLION IN UNCOMMITTED RESOURCES, A SUM WHICH IS ROUGHLY EQUAL TO THE REMAINDER OF THE BANK'S 1975 ORDINARY CAPITAL LOAN PROGRAM. THIS FIGURE IS INCLUSIVE OF PAST BORROWINGS AND CALLABLE ASSETS.

3. THE ADF IS IN EVEN WORSE SHAPE. EVEN IF THE U.S. COMES UP WITH OUR THRD \$50 MILLION TRANCHE, THE FUND'S ASSETS WILL BARELY SUFFICE TO COVER ITS 1975 PROGRAM. THUS, AS I SAID IN REF A, THE ADB AND ADF WILL BOTH GRIND TO A HALT AT THE END OF THIS CALENDAR YEAR UNLESS THEIR ASSETS ARE REPLENISHED.

4. ALL THIS LEADS ME TO RENEW MY APPEAL, WHICH IS NOW STRENGTHENED BY THE UNREQUITED PASSAGE OF TIME AND THE COMPLEXITY OF THE INDOCHINA PROBLEM, FOR IMMEDIATE ACTION TO ARRANGE APPROPRIATE CONGRESSIONAL CONSULTATION BEFORE RPT BEFORENWE WASHINGTON DONORS MEETING. FORMER USADB DIRECTOR REX BEACH IS CURRENTLY IN WASHINGTON AND CAN PROVIDE ATTITIONAL DETAILS, INCLUDING AN ACCURATE CALCULATION OF ADB AND ADF RESOURCES FOR THE TREASURY'S USE. SULLIVAN

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